

ORIGINAL

Decision No. 61100

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of

RAILWAY EXPRESS AGENCY, INCORPORATED,

for authority to increase minimum air express charges within the State of California.

Application No. 42713

OPINION AND ORDER

Railway Express Agency, Incorporated, an express corporation, is engaged in an express transportation business over the lines of common carriers, including air transportation companies, within California, among other places. By this application, filed September 29, 1960, it seeks authority to increase its present minimum charges per shipment, applicable to air express moving in California intrastate commerce, from \$2.50 to \$3.50.

The application shows that the proposed minimum charges are the same as those now applicable on interstate air express traffic throughout the United States and on intrastate traffic within all states except California. These minimum charges were established (except in California) on November 11, 1957, which was after the date of submission of applicant's latest air express rate case before this Commission, but prior to the date of decision therein.¹

Applicant alleges that its current minimum charges for air express shipments in California are unreasonably low. The application recites that although air express is an expedited, high-speed transportation service, superior to surface express, the present air express minimum charges in California are in many cases lower than the minimum charges for shipments of the same weight moving between the same points by surface express. Comparisons of

¹ Decision No. 55941, dated December 10, 1957, in Application No. 38950, not reported.

representative air and surface express charges are set forth in Exhibit C attached to the application.

According to the application, air express service is a joint undertaking by applicant and the scheduled air lines, under which the gross revenues are shared under a settlement agreement. For that reason the cost of providing air express service consists of the sum of the costs incurred by applicant and the costs incurred by the air lines. The costs incurred by applicant in providing air express service are principally terminal costs, and hence do not vary with the distance between points of origin and destination of different shipments, and assertedly do not vary greatly with the differing shipment weights. The application contains a statement of shipment handlings, revenues, and expenses of Railway Express Agency, Incorporated, for the year ended September 30, 1959. The average cost per California intrastate shipment as shown by this computation was approximately \$3.11. The total airline cost, as developed in the application, averaged \$1.51 per shipment. The combined cost on these bases was, therefore, \$4.62.

Applicant's cost estimates appear to reflect the best information readily available to the applicant, but, being based in part upon system averages and general assumptions, cannot be accepted as conclusive. However, when taken into consideration with the facts that the proposed charges are applicable elsewhere throughout the United States and that the present charges are in many cases below those applicable for the surface express service, the verified application is convincing that the present charges are unduly low and that the proposed charges will be reasonable.

In the circumstances, it appears, and the Commission finds, that the proposed increase is justified. No objection has been received to the granting of the application. A public hearing is not necessary. The application will be granted.

Therefore, good cause appearing,

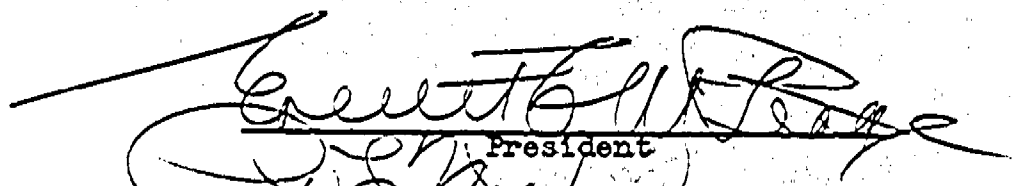
IT IS ORDERED:

(1) That Railway Express Agency, Incorporated, is hereby authorized to publish the increased charges for air express shipments as proposed in the above-entitled application.


(2) That the authority herein granted shall expire unless exercised within ninety days after the effective date of this order.

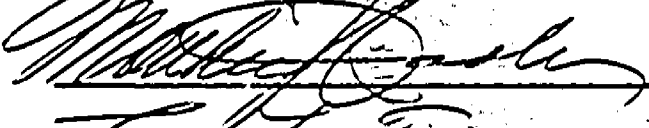
This order shall become effective twenty days after the date hereof.

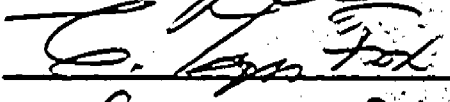
Dated at San Francisco, California, this 22nd day of November 1960.

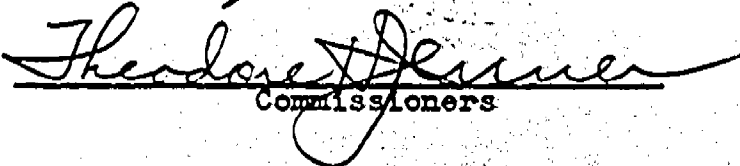


President









Commissioners